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Volume 7

MILK MARKET INFORMATION
CHATTANOOGA, TENNESSEE, MARKETING AREA
DECEMBER 1962

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J. B. McCroskey, Market Administrator

FEB 27 1963

ORDER SUSPENSION AND AMENDMENT HEARINGS

CURRENT SERIAL RECORDS

Effective January 1, 1963, USDA suspended certain compensatory payments in 50 Federal Milk Marketing Orders. These orders contained no alternative choice for handlers to pay into the pool other than the difference between Class I and Class II milk price on unpriced other source milk. The compensatory payment provisions in the Chattanooga order, and 12 other orders where such a provision operates seasonally, were not suspended at this time.

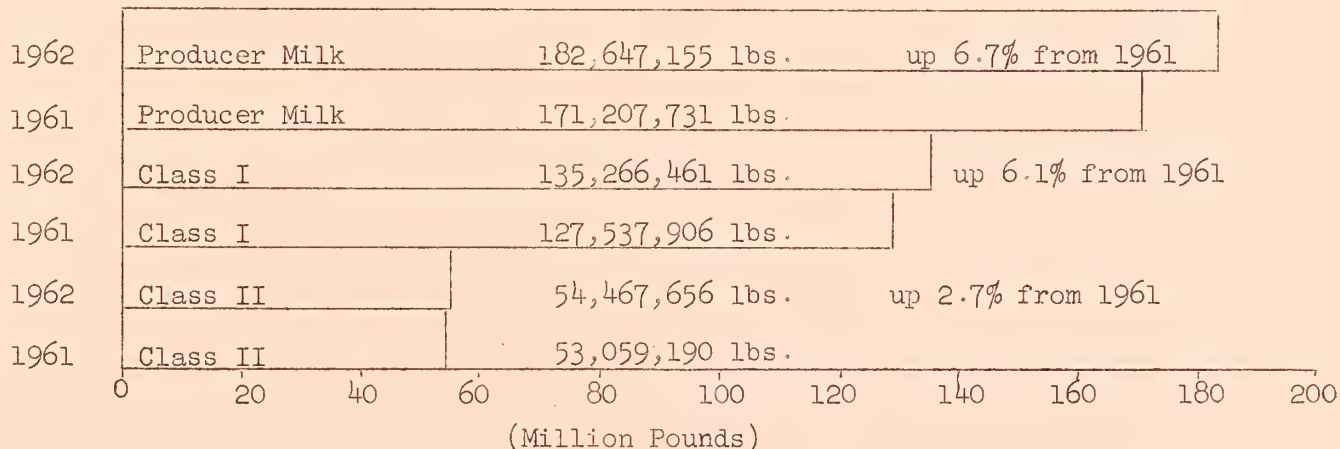
Three regional public hearings are being held during January 1963, at Arlington, Virginia; St. Louis, Missouri; and Denver, Colorado, to consider amending 76 Federal Milk Orders. The hearings will deal with the pricing of milk from unregulated sources (and from other orders) sold in a Federal Order Market. Industry proposals relative to the Chattanooga Order and 23 other orders were heard at Arlington on January 2-4 and this hearing will be reopened for further testimony on January 23. Interested parties will be given opportunity to file exceptions to any order changes recommended by USDA before the matter is finally submitted to milk producers in each of the markets for approval.

NUMBER OF FARM PAYROLL ACCOUNTS

	1961	1962											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
New	0	3	2	1	4	1	4	4	1	7	2	2	1
Quit	1	3	4	3	5	3	4	5	3	9	2	3	5
Total	685	685	683	681	680	678	678	677	675	673	673	672	668

MILK BASES - 1963 - The milk bases established during September 1962 - January 1963 will be announced before March 1, 1963. Base transfer requests must be written and sent to the Market Administrator, P. O. Box 8085, Chattanooga 11, Tennessee.

PRODUCER RECEIPTS COMPARED WITH GROSS CLASS UTILIZATION
(JANUARY THRU DECEMBER)



COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	<u>Dec. '62</u>	<u>Nov. '62</u>	<u>Dec. '61</u>
Number of Plants (Pool and Non-Pool)	14	14	16
<u>GROSS RECEIPTS POUNDS (DAILY AVERAGE)</u>			
Producer Deliveries	496,734	500,085	476,780
% December '62 compared with:	100.0	99.3	104.2
Other Source	10,185	9,236	10,471
Other Order	6,572	5,609	7,322
Total Milk Receipts	513,491	514,930	494,573
% December '62 compared with:	100.0	99.7	103.8
<u>GROSS UTILIZATION POUNDS (DAILY AVERAGE)</u>			
Class I Uses:			
Fluid Milk	299,605	318,321	290,952
Fluid Skim	17,453	17,866	13,631
Buttermilk	39,814	42,430	37,128
Chocolate Milk	8,029	9,392	6,631
Fluid Creams (Sweet & Sour)	2,958	2,747	2,787
Bulk to Non-Handlers	3,482	19,263	1,474
Shrinkage Class I	1,008	957	927
Other	(329)	(2,525)	(1,375)
Total Class I Milk	372,020	408,451	352,155
% December '62 compared with:	100.0	91.1	105.6
Class II Uses:			
Butter	6,686	7,010	16,389
Cottage Cheese	13,375	15,090	11,613
Powdered and Condensed Milk	71,316	48,454	83,326
Ice Cream	27,523	24,861	15,039
Stockfeed	4,122	4,261	2,778
Shrinkage Class II	7,259	8,804	7,325
Other	11,190	(2,001)	5,948
Total Class II Milk	141,471	106,479	142,418
% December '62 compared with:	100.0	132.9	99.3
Gross Class I Butterfat Pounds	13,176	14,780	12,578
Gross Class II Butterfat Pounds	9,059	7,500	8,911
Total Butterfat Pounds	22,235	22,280	21,489
% Producer Milk of Gross Class I	133.5	122.4	135.4
% Producer Milk priced in Class I	73.9	80.6	73.0

JANUARY 1963 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	<u>Jan. '63</u>	<u>Dec. '62</u>	<u>Jan. '62</u>
Basic Formula	\$3.11	\$3.10	\$3.255
Plus Class I Differential	1.75	1.75	1.75
Supply-Demand Adjustment	(0.16)	(0.20)	(0.24)
Class I Price, 3.5% Butterfat	\$4.70	\$4.65	\$4.765
Class I Price, 4.0% Butterfat	\$5.075	\$5.025	\$5.16
Per \$ 1090.51 (a)			

Supply-Demand Comparison: 1st and 2nd preceding months: November and December
Supply: Lbs. Producer Milk (Nov. 15,002,549 and Dec. 15,398,745) 30,401,294
Demand: Lbs. Net Class I Milk (Nov. 12,175,867 and Dec. 11,396,214) 23,572,081
Utilization Percentage: Producer milk divided by Class I 129
Standard Utilization Percentage: Range 117-121 121
Net Deviation Percentage: Utilization minus Standard Utilization plus 8
Supply-Demand Adjustment: 2 cents x 8 percentage points minus \$0.16

Since the supply in relation to the demand is more than the desired standard, the price is decreased 16 cents per hundredweight (2 cents x 8 percentage points).

COMPUTATION OF UNIFORM PRODUCER PRICE FOR DECEMBER 1962
Based on 14 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		11,532,624	3.542		
Less Other Source		146,620	2.293		
Producer Milk Class I	73.9	11,386,004	3.557903	\$4.693427	\$534,393.79
Gross Class II		4,385,585	6.403		
Less Other Source		372,844	1.820		
Producer Milk Class II	26.1	4,012,741	6.828898	5.320362	213,492.35
TOTAL PROD. (Cl.I + Cl.II)	100.0	15,398,745	4.410288		747,886.14
Add Compensatory Payment Value					5.98
Add Overage Value					-0-
Add Inventory Reclassification Value					45.94
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					7,325.23
TOTAL VALUE AT TEST		15,398,745	4.410288		755,263.29
Less Test Over 3.5% @ 7.2¢ per point		15,398,745	.910288	0.655407	100,924.45
TOTAL VALUE AT 3.5%		15,398,745	3.5	4.249300	654,338.84
Less Producer-Settlement Fund Reserve		15,398,745		.049300	7,591.58
UNIFORM PRICE f.o.b. POOL PLANT 3.5%		15,398,745	3.5	\$4.20	\$646,747.26

DECEMBER 1962 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$3.84	3.6	\$4.272	4.2	\$4.704	4.8	\$5.136	5.4	\$5.568
3.05	3.876	3.65	4.308	4.25	4.74	4.85	5.172	5.45	5.604
3.1	3.912	3.7	4.344	4.3	4.776	4.9	5.208	5.5	5.64
3.15	3.948	3.75	4.38	4.35	4.812	4.95	5.244	5.55	5.676
3.2	3.984	3.8	4.416	4.4	4.848	5.0	5.28	5.6	5.712
3.25	4.02	3.85	4.452	4.45	4.884	5.05	5.316	5.65	5.748
3.3	4.056	3.9	4.488	4.5	4.92	5.1	5.352	5.7	5.784
3.35	4.092	3.95	4.524	4.55	4.956	5.15	5.388	5.75	5.82
3.4	4.128	4.0	4.56	4.6	4.992	5.2	5.424	5.8	5.856
3.45	4.164	4.05	4.596	4.65	5.028	5.25	5.46	5.85	5.892
3.5	4.20	4.1	4.632	4.7	5.064	5.3	5.496	5.9	5.928
3.55	4.236	4.15	4.668	4.75	5.10	5.35	5.532	5.95	5.964

MARKET SUMMARY DECEMBER 1962

The MINIMUM uniform producer price is \$4.20 per cwt. f.o.b. Chattanooga Area Pool plants for milk containing 3.5% butterfat. The producer butterfat differential is 7.2 cents for each one-tenth of one percent above or below 3.5%. The minimum uniform price is \$4.56 per cwt. for milk containing 4.0% butterfat.

During December 73.9% of the total producer milk was priced in Class I at \$4.65 per cwt. with a butterfat differential of 7.5 cents and 26.1% in Class II at \$3.09 per cwt. with a butterfat differential of 6.7 cents. The daily average use of Gross Class I milk decreased 8.9% compared with November 1962 and increased 5.6% compared with December 1961.

Daily average delivery of milk from producers was 496,734 pounds in December 1962, a decrease of 3,351 pounds per day compared with November 1962 and an increase of 19,954 pounds compared with December 1961. Percentage-wise, December deliveries decreased 0.7% compared with November 1962 and increased 4.2% compared with December 1961.

MILK SAMPLES TESTED - Producer Fresh Samples 5,760 - Handler Finished Products 207.

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Dec. '61	\$4.28	-	-	7.6¢	\$4.705	7.9¢	\$3.30	7.0¢
Jan. '62	4.36	-	-	7.6	4.765	7.9	3.30	7.0
Feb.	4.23	-	-	7.6	4.765	7.9	2.77	7.0
Mar.	4.25 ^{2/}	\$4.39	\$2.61	7.6	4.785	7.9	2.68	7.0
Apr.	4.03 ^{2/}	4.25	2.59	7.4	4.845	7.9	2.665	6.7
May	3.93 ^{2/}	4.12	2.60	7.2	4.575	7.5	2.665	6.7
June	4.00 ^{2/}	4.16	2.60	7.2	4.535	7.5	2.665	6.7
July	4.01 ^{2/}	4.19	2.59	7.2	4.655	7.5	2.655	6.7
Aug.	4.05	-	-	7.2	4.60	7.5	2.66	6.7
Sept.	4.02	-	-	7.2	4.37	7.5	3.06	6.7
Oct.	4.03	-	-	7.2	4.39	7.6	3.05	6.7
Nov.	4.20	-	-	7.2	4.52	7.5	3.09	6.7
Dec.	4.20	-	-	7.2	4.65	7.5	3.09	6.7
Jan. '63	-	-	-	-	4.70	7.5	-	-

PRICES USED IN DETERMINING CLASS PRICES AND BUTTERFAT DIFFERENTIALS

Date	CLASS II ALTERNATIVE FORMULAS \$-cwt-3.5%		PRICE QUOTATIONS			BASIC FORMULA	
	4 Tenn.	Butter	4 Tenn. Milk Mfg	Chi. 92° Butter	Chi. Area Powders	Minn.-Wisc. Mfg. Grade Milk ^{4/}	
	Milk Mfg.	Powder	\$-cwt-4%	¢ Lb.	¢ Lb.	\$-cwt-3.5%	
Dec. '61	2.80	3.30	3.15	60.466	15.275	-	
Jan. '62	2.80	3.30	3.15	60.466	15.260	-	
Feb.	2.77	3.30	3.12	60.466	15.200	-	
Mar.	2.68	3.30	3.03	60.466	15.060	-	
Apr.	2.665	3.125	3.00	57.957	14.125	-	
May	2.665	3.085	3.00	57.966	13.530	-	
June	2.665	3.045	3.00	57.940	13.330	-	
July	2.655	3.045	2.99	57.960	13.370	3.03	
Aug.	2.66	3.05	3.00	57.970	13.270	3.04	
Sept.	2.66	3.06	3.00	58.280	13.400	3.06	
Oct.	2.66	3.05	3.00	57.960	13.440	3.07	
Nov.	2.72	3.09	3.05	57.990	13.760	3.10	
Dec.	2.75	3.09	3.08	57.980	13.860	3.11	

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA ^{3/}				Deliveries Per			Prod.
	No.	Total	Class I	Class I	Total	Base	No.	Farm----Pounds			Milk
	Hdlrs.	Receipt	Use	Use	Delivery	Delivery	Prod.	Prod.	Base	Exc.	Test%
Dec. '61	16	494,573	352,155	348,076	476,780	-	685	696	-	-	4.41
Jan. '62	16	486,624	364,484	359,962	473,584	-	685	691	-	-	4.40
Feb.	15	502,394	370,985	366,116	487,977	-	683	714	-	-	4.23
Mar.	15	506,148	379,540	374,558	491,493	453,153	681	722	665	57	4.22
Apr.	14	558,864	352,989	348,757	536,251	466,013	680	789	685	104	4.13
May	14	546,419	356,897	352,503	522,955	459,802	678	771	678	93	4.03
June	14	510,155	353,585	349,410	486,065	437,132	678	717	645	72	4.08
July	14	506,515	337,792	333,739	480,881	425,773	677	710	629	81	4.05
Aug.	14	521,280	367,056	362,537	494,743	-	675	733	-	-	4.05
Sept.	14	528,539	386,038	381,938	508,195	-	673	755	-	-	4.09
Oct.	14	541,862	397,921	393,375	525,608	-	673	781	-	-	4.29
Nov.	14	514,930	408,451	403,240	500,085	-	672	744	-	-	4.41
Dec.	14	513,491	372,020	367,290	496,734	-	668	744	-	-	4.41

^{1/} Excludes Premiums^{2/} For statistics only^{3/} Other Source is Gross minus Producer; Class II is Receipts minus Class I^{4/} Effective with Order Amendment August 1962